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CIVIL AERONAUTICS BOARD

Supplemental notice of two proposed rulemakings appeared in the 3/22/78 Fed. Reg., p.11833. The first deals with the Board's accounting and reporting requirements on airline lobbying costs. The second concerns the accounting and reporting requirements for airline advertising costs and the treatment of these costs for rate purposes. Comments on these proposals will be accepted until 4/21/78. For further information contact Richard Juhnke at 202/673-5436.

COMMERCE, DEPARTMENT OF

A new energy savings guide designed for managers of small businesses using furnaces, kilns and ovens has been issued by the Commerce Department's National Bureau of Standards in cooperation with the Department of Energy. "Energy Management for Furnaces, Kilns, and Ovens" provides methods for identifying energy used by this equipment, reducing energy consumption and estimating possible dollar savings. Published as NBS Handbook 124, the guide is available for \$1.60 per copy from the G.P.O. (order number 003-003-01811-2). Other NBS energy guides available include "The Energy Management Guide for Light Industry and Commerce" (\$.70 - SN-003-003-01667-5) and "The Waste Heat Management Guidebook" (\$2.75 - SN-003-003-01669-1).

DEFENSE, DEPARTMENT OF

A proposed revision to ASPR Section XV for the purpose of avoiding a potential conflict with CAS 13 on pension costs was announced last week. Under this proposal, Section XV would be revised to incorporate CAS 13. Comments on this proposal are due by 5/9/78.

FEDERAL DEPOSIT INSURANCE CORPORATION

The results of a survey conducted by the staff of the FDIC in cooperation with the Federal Reserve Board and the Comptroller of the Currency have been formalized and submitted to the Senate Banking Committee. The survey was initiated by the FDIC at the request of Banking Committee Chairman William Proxmire (D-Wisc) in August 1977. The report is a summary of bank loan and overdraft privileges found to have been extended to bank and bank holding company "insiders" -- officers, directors and major stockholders of either the reporting bank or other banks -- and their families and to public officials. Copies of this report are available by contacting the FDIC at 202/389-4221.

FEDERAL ELECTION COMMISSION

The controversial campaign financing bill failed to make it to the House floor for consideration last week. A motion to consider the bill, HR.11315, was rejected by a vote of 209-198 despite last minute attempts to make the legislation palatable to its opponents. Among the compromises offered by the bill's supporters was an amendment to effectually drop the bitterly contested provision that would have drastically reduced the amount of money a political party could spend on election campaigns. Other controversial provisions included the reduction of allowable contributions from special interest groups from \$10,000 to \$5,000. This defeat of HR.11315 renders public financing of federal elections a dead issue for this session of Congress.

FEDERAL TRADE COMMISSION

A press release describing the reorganization of the Bureau of Consumer Protection, which was effective 1/1/78, was released 3/15/78. The reorganization resulted in the creation of eight divisions to replace the five that previously existed. Among the new divisions is a Division of Professional Services which is responsible for programs involving the delivery and performance of consumer services, including the regulation of accounting services. For more information contact the Commission's Public Affairs Office at 202/523-3830.

GENERAL ACCOUNTING OFFICE

"Using Broad Scope Auditing to Serve Management" is a case study of the introduction of broad scope auditing as a management tool by the governor of Mississippi. Broad scope auditing is presented as a means of evaluating how public or corporate funds are being handled and whether governmental programs are being conducted efficiently and effectively. This publication is part of a series of supplements to the GAO's "Standards for Audit of Governmental Organizations, Programs, Activities and Functions". The broad scope auditing case study is available from the GPO for \$1.30 each (S/N 020-000-00155-1).

HEALTH, EDUCATION, AND WELFARE, DEPARTMENT OF

Proposed rules setting forth general provisions regarding Federal financial assistance for health maintenance organizations appeared in the 3/17/78 Fed. Reg., pp.11472-76. The proposed rules include sections that provide for reports, inspections and audits. There is also a requirement for grantee accountability.

HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF

An interim rules for the Community Development Block Grant Program for eligible Indian tribes, including Alaskans, appeared in the 3/23/78 Fed. Reg., beginning on p.12222. The rule includes a requirement for a final audit of grant funds for programs that do not extend beyond two years; for longer programs, audits are required at least every two years. Comments on the interim rule are requested by 5/22/78. For additional information contact John Simmons at 202/755-5890.

INTERSTATE COMMERCE COMMISSION

Ronald S. Young, CPA, has been appointed Assistant Director of the Commission's Bureau of Accounts. Mr. Young, who joined the ICC in 1970, has been Chief of Accounting since 1975. Prior to joining the Commission, Mr. Young was involved in private accounting practice.

OFFICE OF MANAGEMENT AND BUDGET

Legislation to revise and reorganize the existing system of federal aid is being developed. Using a framework proposed by the Advisory Commission on Intergovernmental Relations and with input from other sources, Senate staff members from the offices of Sens. Muskie (D-Me), Roth (R-Del), and Danforth (D-Mo) are preparing an omnibus bill which will alter the current structure of federal assistance programs.

Part of the bill would directly impact on independent auditors. The section on "financial management of federal assistance programs" sets forth statutory guidance and improvements by promoting the concept of a single audit; defining the term, "independent audit", and providing for advance program funding.

It is anticipated that the legislation will be formally introduced in April.

RENEGOTIATION BOARD

Proposed rules on principles and concepts of renegotiation have been issued by the Board (see 3/23/78 Fed. Reg., pp.12039-42). It is intended that these proposed rules will serve as guidelines for the benefit of both the Board's staff and contractors subject of the Renegotiation Act of 1951. The principles describes the renegotiation process and the determination of excessive profits. Comments on the proposed rules are due by 5/5/78. For further information contact Dr. George Lenches at 202/254-8222.

SMALL BUSINESS ADMINISTRATION

Legislation to protect small businesses from disproportionately burdensome regulations has been introduced by Rep. Andy Ireland (D-Fla), a member of the House Small Business Committee. Known as the Small Business Regulatory Relief Act, the bill (HR.10632) would force federal agencies to allow for flexibility in the imposition of regulations on small businesses. Among other factors, the legislation calls for the consideration of the costs of accounting or consulting services that would be incurred by smaller firms as a result of the adoption of a new regulation.

TREASURY, DEPARTMENT OF

There is no need for federal licensing of tax return preparers according to IRS Commissioner Kurtz. Testifying on 3/22/78 before the House Government Operations Consumer Affairs Subcommittee, the Commissioner stated that a system of federal regulation might not be feasible. He also highlighted several of the taxpayer service programs in operation at the IRS including the implementation and enforcement of the income tax return preparers provisions of the Tax Reform Act of 1976. Commissioner Kurtz stated that after the first two months of processing returns, IRS figures show that the number of taxpayers using commercial preparers has declined about 20% from last year.

Victor Lowe, Director of the General Government Division of the General Accounting Office also testified. He praised the taxpayer assistance program offered by the IRS but also stated that the GAO will recommend revisions in the Form 1040 and its instructions in a report to be issued this spring.

Public hearings to receive comments and suggestions concerning individual income tax returns (Form 1040 and related schedules and the Form 1040A) will be held in four different cities on 4/27/78. The announcement of the regional hearings appears in the 3/22/78 Fed. Reg., p.11884. Hearings will be held in Columbia, S.C.; Columbus, Ohio; Denver, Colorado; and Des Moines, Iowa. Requests to testify are due by 4/18/78 at local IRS offices in these cities.

In addition, the IRS is seeking written comments on all tax forms. Comments are especially sought from those unable to attend the regional hearings. Written comments should be submitted by 5/1/78 and should be sent to the Chairman, Tax Forms Coordinating Committee, Room 5577, IRS, Washington, D.C. 20224.

Legislation that would allow business to accelerate the depreciation of machinery and equipment has been introduced by Sen. Gaylord Nelson (D-Wisc), Chairman of the Senate Small Business Committee. S.2743, the Small Business Simplification Reform Act of 1978, would make all types of machinery and equipment subject to a uniform 3-year life for most smaller businesses up to a \$100,000 year limit. The text of S.2742 and Sen. Nelson's introductory statement appear in the 3/14/78 Cong. Record, pp. S 3672-73.

A public hearing on proposed regulations on annual filing and regulation requirements for employee retirement benefit plans will be held on 4/13/78 at the IRS in Washington. Announcement of the hearing appears in the 3/23/78 Fed. Reg., pp.12038-39. Persons wishing to make oral comments must submit outlines to the IRS by 4/4/78. For further information contact George Bradley or Charles Hayden at 202/566-3935.

A bill to index the tax system has been introduced by Sen. Robert Dole, (R-Kan). Under S.2738, the Tax Indexation Act of 1978, an adjustment for inflation would be made to such items as the tax rate tables, zero bracket amount, the personal exemption, the corporate surtax exemption, tax credits, and exempt amounts. The inflation adjustment would be made annually at a rate equal to two-thirds of the increase in the consumer price index. Sen. Dole's introductory statement on S.2738 appear in the 3/13/78 Cong. Record, pp.3553-54.

Public hearings on social security financing will be held on 4/5/ and 4/6/78 by the Senate Finance Subcommittee on Social Security. Subcommittee Chairman Gaylord Nelson announced the hearings stating there is concern over the rise in the level of payroll taxes brought about by the financing amendments passed last year. The purpose of the hearings will be to examine alternative ways to finance the social security system that would allow a reduction in the level of payroll taxes.

Assistant Commissioner for Employee Plans and Exempt Organizations Alvin D. Lurie will resign effective 3/31/78. The IRS announced that Mr. Lurie, who has held the job since its creation in 1975, was returning to private law practice. The Office of Assistant Commissioner (EPEO) coordinates employee benefit plans and tax-exempt organizations under ERISA at the IRS.

Publication 453, "Preliminary Statistics of Income -- 1975, Business Income Tax Return" is now available. The report is based on the 1975 tax returns of 12 million sole proprietorships and partnerships. It includes statistical data on such items as business receipts, selected deductions, net profit for detailed industry classes, and income statements for industries. Publication 453 may be obtained from the GPO for \$1.30.

UNITED STATES POSTAL SERVICE

A proposed rule which would require that all mailings at single-price third-class rate be marked Third Class appeared in the 3/10/78 Fed. Reg., pp.9831-32. Under the proposed rules, mail that is not properly marked would be charged with first class postage. Comments on the proposed rule are due by 4/10/78.

SPECIAL: WHITE HOUSE ON REGULATORY REFORM

Executive Order 1244 directing Executive Agencies to adopt procedures to improve government regulations has been issued by President Carter. It appeared in the 3/24/78 Fed. Reg., pp.12661-70. The Executive Order requires that:

- Regulations be as simple and as clear as possible.
- The need for and purposes of regulation are clearly established.
- Opportunity exists for early participation and comment by other Federal agencies, State and local governments and the public;
- Alternatives are considered and analyzed before the regulation is issued;
- Compliance costs, paperwork and other burdens on the public are minimized.

One important provision of the Executive Order will require agencies to publish at least semiannually an agenda of significant regulations under development or review. The Executive Order does not directly apply to independent regulatory agencies but President Carter has asked the chairman of these agencies to apply the order's policies and procedures and to report their progress to him and to Congress.

For additional information contact:
Steve Woolf or Susan Retter
202/872-8190

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